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4. Exhibit B is a floor-model, four-window dispenser shown in a typical installation as part of the Virginia Lottery system.

5. Exhibit C is a four-page brochure entitled "ITR®-7000 Instant Ticket Retailer". It shows an eight-window floor model of the ITR-7000 dispenser on the cover, as well as two-window and four-window models.

6. Exhibit D is a booklet entitled "LEI Company Profile" printed July 18, 1992. The last four pages of this booklet comprise a copy of Exhibit C.

7. Exhibit E is a copy of a brochure showing the "ITR 5000" Instant Ticket Retailer" sold by Lottery Concepts International, Inc., a predecessor of LEI.

8. Exhibit F is a copy of a recent issue of a San Diego, California newspaper reporting on the award of a substantial contract for purchase of ITR 7000 machines from LEI.

9. As it is explained on the sixth page of Exhibit D, the LEI Company Profile, the ITR 7000 machine was preceded by the ITR 5000 and the ITR 6000 machines.

10. The ITR 5000 had no windows. IT was not successful. It produced little or no increase in sales over prior manual dispensing methods, and was not ordered by any lottery system.

11. The ITR 6000 was the first model which had windows. This machine is the one shown in the drawings of this

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patent application. The windows, with the tickets moving past them while being dispensed, proved to be a major improvement. The sales of tickets from a vending machine such as that shown in the patent application drawings showed substantial increases over sales using prior methods. However, the dispensing mechanism needed revision to make it simpler, more compact and reliable.

12. In the ITR 7000 machine, the windows feature from the ITR 6000 were kept, but the dispensing mechanism was replaced and improved. The ITR 7000, like the ITR 6000, has a housing with at least one window through which tickets can be seen but not touched by a person outside the housing. The ITR 7000 has electrically-powered means for moving a continuous strip of the tickets past the window and dispensing a pre-determined number of them to an operator. The windows continued to be a major factor in the improved sales of the dispenser as compared with prior methods.

13. As it is explained on the third page of Exhibit D, the Company Profile, the ITR 7000 went into production in June of 1990. Subsequently, tests were performed on the machines by a number of state lottery systems in a substantial number of states. As it is explained on page four of Exhibit D, the tests showed that the ITR 7000 increased sales by from 2 to 10 times over the prior sales methods. A summary of some of the tests conducted is given on page five of Exhibit D.

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14. Field tests of the ITR 7000 started in ~~Virginia~~ in *BB/AM* September of 1990. In March 1991, the Virginia Lottery awarded LEI a contract to supply 2,000 units at a cost of more than \$4,000 each.

15. The results of tests conducted on behalf of the Virginia Lottery by Scientific Games, Inc., an independent organization, to determine the sales increases produced by the ITR 7000 in use in Virginia are shown on page seven of Exhibit D. The average sales increase achieved was 186.5 percent.

16. The results of similar tests conducted by the Washington Lottery and the Pennsylvania Lottery are shown on pages eight and nine of Exhibit D. Those tests also showed very substantial sales gains over prior methods.

17. Subsequent to the contract award by the Virginia Lottery, contracts have been awarded to LEI to supply the ITR 7000 machines to the state lotteries in Delaware, Colorado, Vermont and California. The numbers of units to be ordered in Delaware, Colorado and Vermont is open-ended, with some of the initial quantities being set forth on page 3 of Exhibit D.

18. The California order alone requires LEI to deliver around fifteen million dollars worth of the machines by November 1, 1992.

19. When LEI started business, it had no sales of any product. The ITR 7000 was its first and only product. Its sales have been achieved with only relatively modest expenditures for

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advertising, publicity and selling, due to the lack of funds by our fledgling enterprise. It is my belief that any commercial success we have had is due mostly to the merits of the ITR 7000 equipment.

20. I also believe that, although the success of the ITR 7000 is not due exclusively to the use of the windows invention of this patent application, the windows invention has played a major role in such success. The feature frequently is mentioned by state lottery personnel as an important feature, and field tests, starting with the ITR 6000, consistently have shown that the windows invention attracts attention, gives confidence and information to the ticket buyer, and greatly enhances the chances of convincing the customer to make what is basically an impulse purchase.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may

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jeopardize the validity of the application or any patent issued thereon.

Date: Sept 25, 1992



Robert L. Burr

Exhibit A

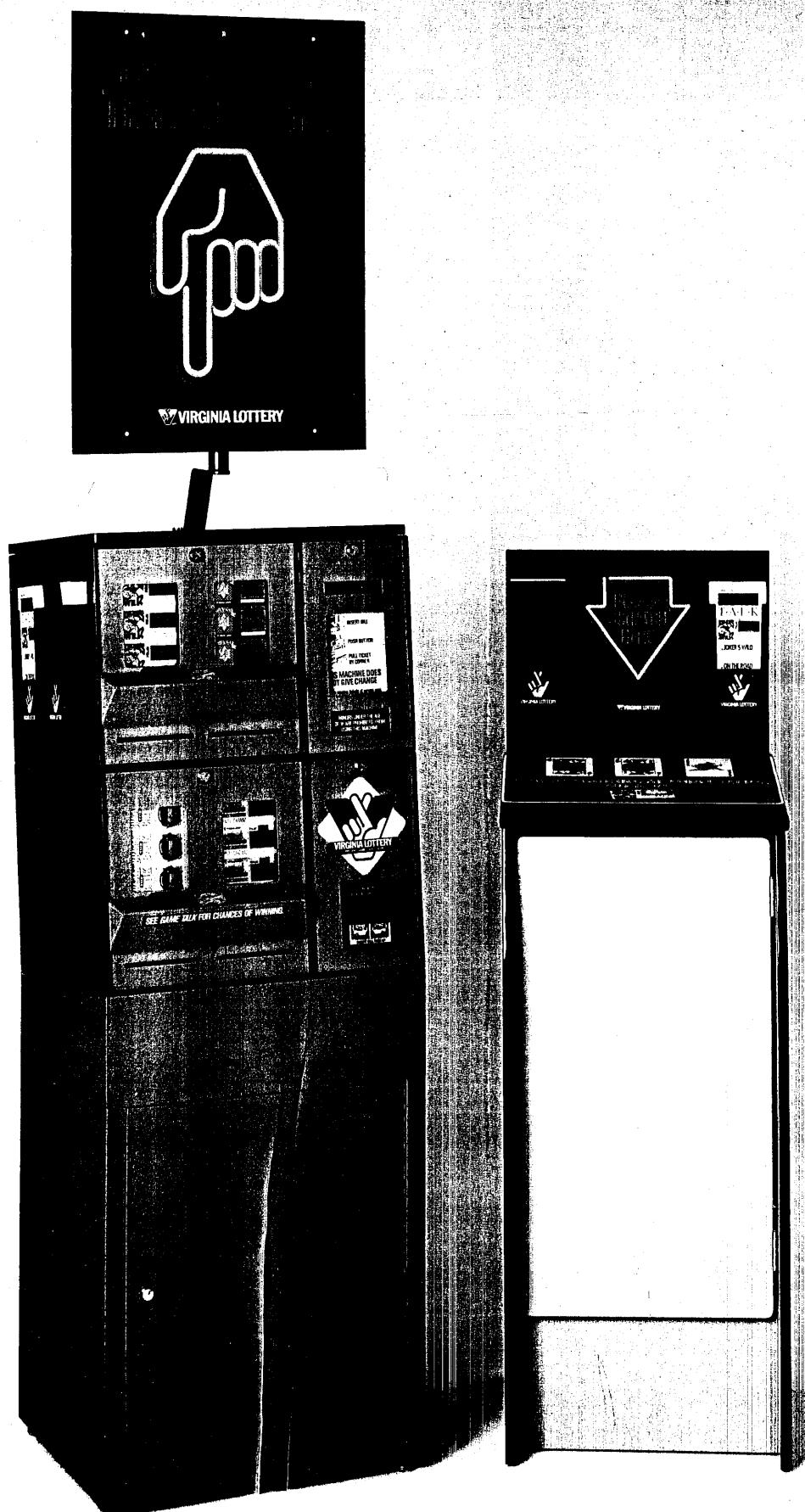


Exhibit B

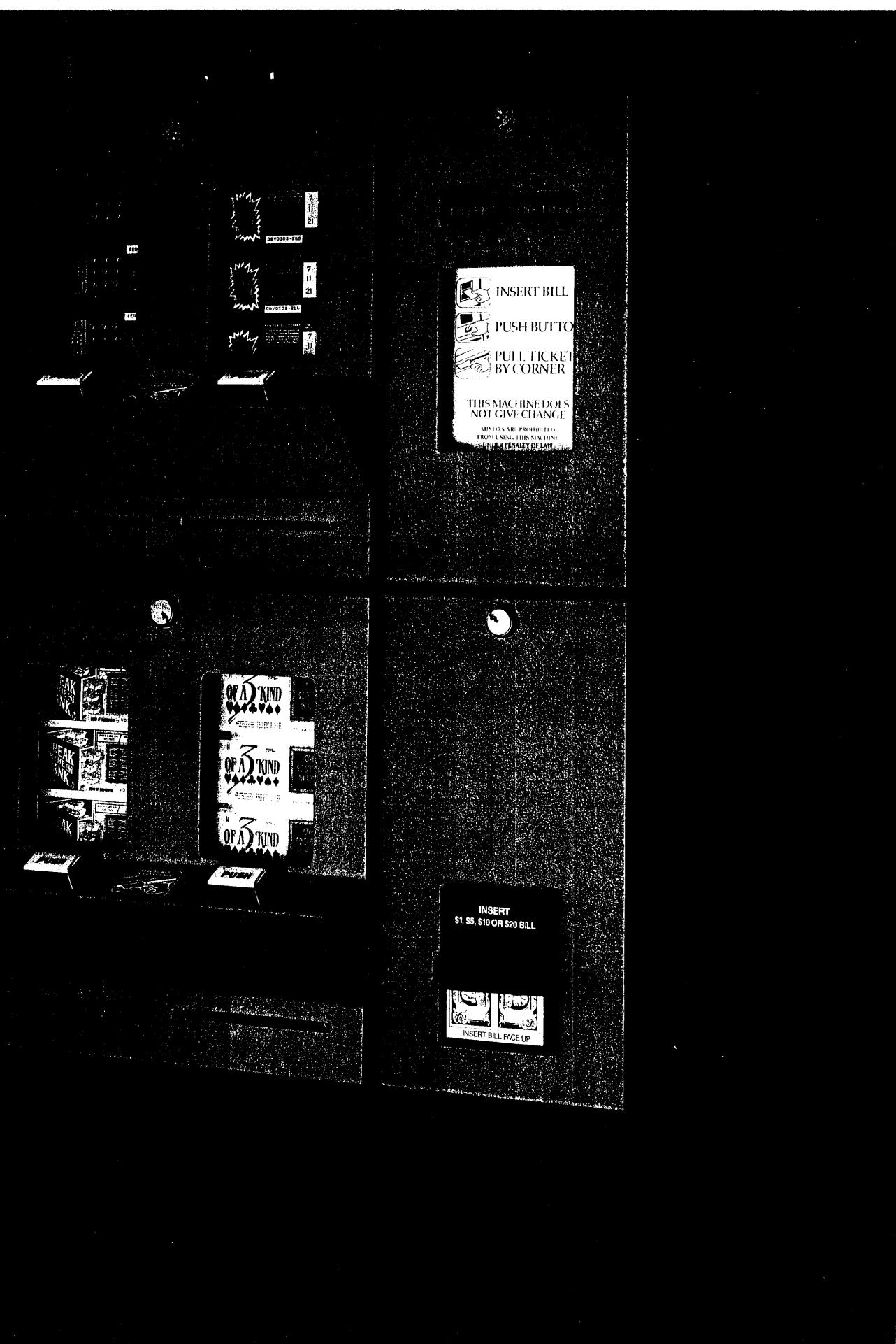


Exhibit C



The Leader In Instant Ticket Dispensing Technology

**ITR™-7000
INSTANT
TICKET
RETAILER**



A TROUBLE-FREE DISPENSER WITH SPLIT-SECOND SPEED.

The consumer-activated INSTANT TICKET RETAILER (model ITR™-7000) opens up uncharted marketing opportunities for retailing instant lottery tickets. The ITR™-7000 is designed to streamline the marketing of instant lottery tickets by opening up new markets which heretofore have not been available to lotteries. Specifically, these markets can be identified as those where sales now exist but at a level far below potential (typically food chain stores, liquor stores, etc) and locations where potential exists but instant tickets are not being offered for sale (private clubs, bars, malls, etc).

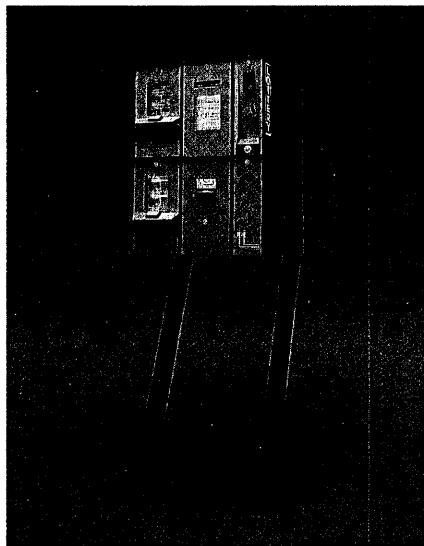
The ITR™-7000 is simple to operate. The customer inserts a dollar bill, in any denomination of one, five, ten or twenty dollars and makes a selection from one to eight separate games. It's simple. It's convenient. And it's secure. Additionally, each ITR™-7000 dispensing unit stores up to 3,000 tickets for a maximum of 24,000 tickets per machine. This coupled with the fact that it keeps track of

all the accounting and inventory of each game and tied in with the LEI FILE SERVER™ will alert the lottery in ample time to replenish ticket stock when it becomes low and will make distribution of tickets routine.

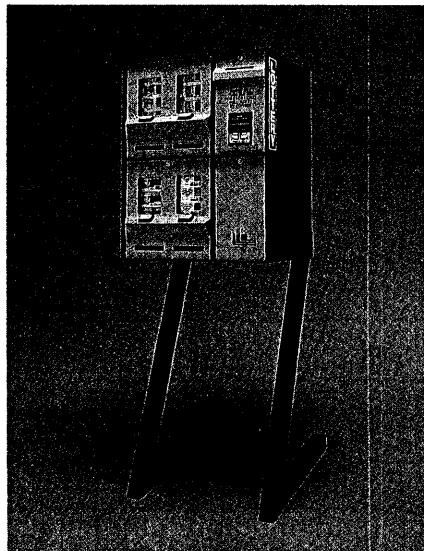
The ITR™-7000 has an optional attention-getting LED scrolling sign to attract impulse buyers. The sign is loaded from the LEI FILE SERVER™ at Lottery headquarters or other remote locations to promote special games or winning jackpots.

The ITR™-7000 is available in four convenient models. All include standard bill acceptors and/or optional coin acceptors (see -C). the -2 houses two dispensers, the -4 houses four dispensers, the -6 houses six dispensers and the -8 houses eight dispensers. All models are available as counter tops, wall mounts or stand-alone terminals. The stand-alone models offer two options: Twin-L legs or security storage cabinet.

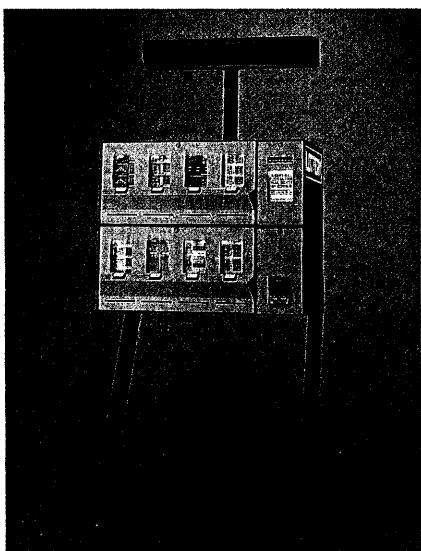
Quite simply, LEI's ITR™-7000 will revolutionize the way you'll market Instant Lottery Tickets.



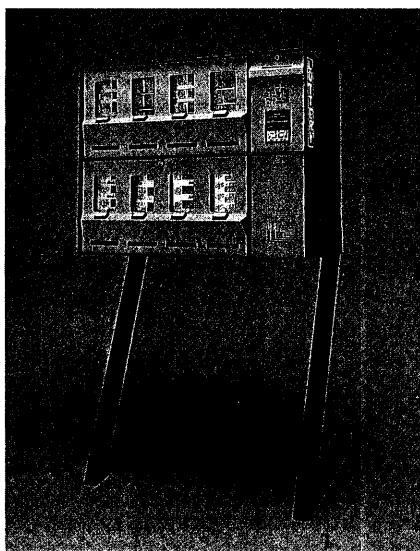
ITR™-7000-2-C
Shown with optional coin acceptor



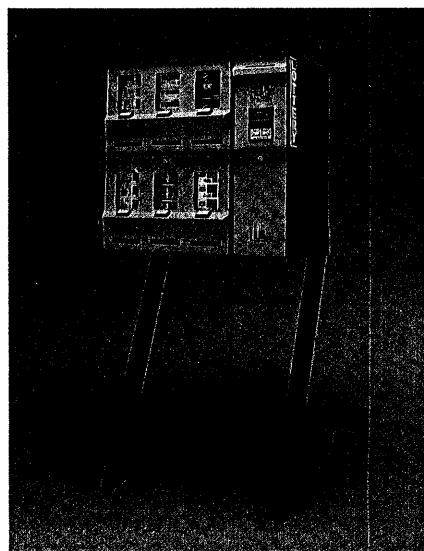
ITR™-7000-4



ITR™-7000-8-S
Shown with optional LED display



ITR™-7000-8



ITR™-7000-6

ITR™-7000 ADVANTAGES

TO THE LOTTERY

- Increase Sales
- Security
- Multi-game Sales (up to 8 games/unit)
- Daily Sales Information

BY: Agent Classification Geographical

- LED Sign Downloadable
- Total Accounting And Inventory Control
- Increased Efficiency And Cost Effective Marketing

FOR: Promotion Incentive Programs Advertising

- Messages On Terminal Downloadable From Central Computer
- FOR: Individual Agents or all the Agents
- Complete Close-out Of Game
- Total Control Of System (via dial-up communication)
- Real Time Clock (allows automatic communications)
- Information Contained In ITR™
- Battery Backup (in the event of power loss)
- Daily Inventory And Sales Reports (insure ticket availability)
- No Out Of Stock Situations
- Opportunity For New Sales Outlets

TO THE AGENT

- Increase Sales
- Security
- Total Accounting And Inventory Control
- Reports

Current day sales **Daily sales for two days** **Weekly sales for two weeks** **Invoices**

- Automatic Reordering Of Tickets
- Point Of Sale Advertising
- Hard Copy Sales Reports
- RS232 Port For Central Control
- Ability To Sell Tickets Anywhere
- Ergonomically Designed Unit
- Automatic Agent ID Imprint (optional)
- Easy To Operate
- Consumer Oriented
- Holds 3,000 Instant Tickets For Each Game
- Small Footprint
- Does Not Require A Sales Clerk
- Contains Its Own Cash Compartment
- Double Security Locks
- Heavy Steel Construction
- Multi-game Sales (up to 8 games unit)

TO THE CONSUMER

- Availability
- Convenience
- Ability to Purchase A Ticket Anywhere
- Ease Of Purchase
- Choice Of Instant Lottery Game

THE GRABBER

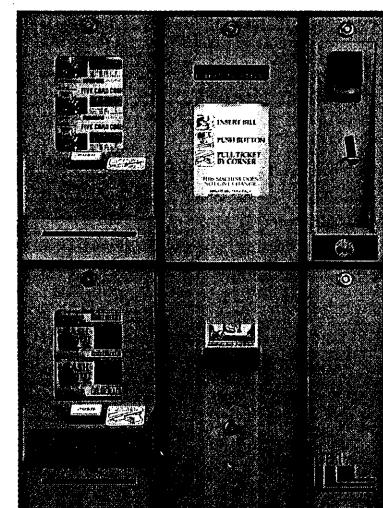
Optional LED display presents messages that stimulate the impulse buyer.

PRESENTATION MODES

- Wipe left to right
- Variable speeds
- Dissolve/Interlace
- Curve
- Expanded characters
- Pause
- Flashing on and off
- Auto centring
- Wipe up and down
- Twinkle
- Scroll up and down
- Split screen
- Move right to left
- Blink on and off

MEMORY FEATURES

- 7,000 character of message memory
- Downloadable LED display using serial port interface
- Message may be changed at any time from lottery terminal or via an intelligent media agent



ITR™-7000 VERSATILITY

Standard bill acceptor with installation of optional coin acceptor greatly enhances ticket buyer convenience by offering a multitude of currency choices.

SPECIFICATIONS

| | Height | *Width | Depth |
|-------------|--------|--------|-------|
| ITR™-7000-2 | 27.25" | 15.25" | 18.0" |
| ITR™-7000-4 | 27.25" | 21.25" | 18.0" |
| ITR™-7000-6 | 27.25" | 27.25" | 18.0" |
| ITR™-7000-8 | 27.25" | 33.25" | 18.0" |

115 or 240V AC 47 or 60 Hz 2 Amp

*Optional coin acceptor (-C) adds 4.0" to overall width.



ITR™-7000 VERSATILITY

Accepts any size tickets with widths from 2" to 4" and lengths from 1¼" to 6".

LEI FILE SERVER™

As depicted in the diagram, every ITR™-7000 is capable of interrogating over thirty other ITR™-7000's via its smart modem. This feature permits the central PC (at Lottery headquarters or other remote locations) to collect all of the sales and inventory information from any one city or local with a single phone call, thus reducing the necessity of tying up a large number of 800 or WATS lines. Considering connect time, it is estimated that a PC with dual modems can interrogate over 21,000 ITRs™ in a seven hour time span. All communications are done on a dial-up basis eliminating costly dedicated phone lines.

Timely reports are broken down into agent categories, i.e. convenience stores, bars, nightclubs, etc., and also by geographic location. This permits the lottery to pinpoint advertising, agent training or special promotions.

In addition, special messages may be automatically downloaded to the optional LED sign during the interrogation of the ITR™. Messages may be sent to specific agents or to the entire state.

